

Dear ECF Bronze member,

2018 ECF AGM

We are writing to tell you about the ECF Finance Council Meeting which takes place on Saturday 13 October and to seek your input on how, as your representatives, we should vote.

(For some background on the workings of the ECF and its Council meetings, please see the section on the last page of this paper. Following that is a brief report of April's Finance Council Meeting.)

The agenda for the meeting is [here](#). Supporting papers can be found [here](#). Also relevant is discussion on the [EC Forum](#) (see the 'ECF Matters' section). Documents relating to representation of Bronze members can be found [here](#).

Our guess is that the issues likely to be of most interest to Bronze members are:

1. The proposals to increase expenditure and increase membership fees (items 12 and 13 on the agenda);
2. The Board's Strategy Statement (item 11); and
3. The election of various Directors and Senior Officers (item 7).

Also of interest will be the [Board's report on the last year](#). This gives positive takes on 2017/18.

Please send feedback on these and any other Council issues to us at:

angusmisc@angusf.myzen.co.uk and gareth.wholesalechess@googlemail.com

Taking each of the three issues listed above in turn...

1. The proposals to increase expenditure and increase membership fees

The Board believes the ECF requires some major changes and proposes increases in expenditure for the following:

- A new paid Development Manager position – with responsibility for increasing the number of members and for addressing the demographic problem (the membership is ageing; a large number of members are seniors while not many are of the generation after school-leaving age). This will cost up to £15K a year with a fixed £5K remuneration paid from the trust funds to which the ECF has access, up to £5K paid as a bonus and up to £5K paid for expenses. The bonus and expenses would be payable to the extent that they are covered by membership fee income from new members (note: this is *net* new members beyond the increase of 500 members a year already anticipated for the current and two subsequent years).
- Women's chess – we are told that female participation in open events (not including events restricted to females and not including junior events) is typically less than 5%. This is far too low and not good for the image of chess. To improve female participation the Board would like to increase expenditure from £5K/year to £15K/year with: £10K (up from £5K) spent on support for women in British Chess Championships and the English Women's Championships; and £5K spent on support of clubs and other organisations which encourage female participation. The first £5K would come from ECF funds and the second £5K from the trust funds.

Comment [AF1]: Next time combine the two email addresses into a single link – this will make it easier for members to reply.

- The Office. Staff pay appears to have fallen below market rates. Subject to the results of a review of salary rates, the Board would like to increase pay by up to £6K/year payable from ECF funds. Further, the Office workload has increased (in particular to assist with junior and international events) and more staff resource is required. The Board would like to spend an additional £6K/year on staffing, paid for out of ECF funds.
- International chess. It has been a struggle to find sponsorship for recent team events (the Olympiad which has just finished and the European Teams last year) *and* the Board would like to increase the budget for expenditure on international chess. The additional funding requested is for up to £17.5K in 2018/19 (the current financial year) and up to £20K in 2019/20 (and, it seems, the same amount in 2020/21). The additional expenditure is split: team events - £7K in 2018/19 and £9.5K in 2019/20 (taking expenditure in those years to £43K and £37.5K); senior chess - £3K in both years; elite development training - £1K each year; world championship cycle support - £2K each year; norm tournament support - £2.5K each year; and, analytical support - £2K each year. For each year, and averaged out, £8.5K would come from trust funds and £9K from ECF funds.

In total, the Board is looking for an additional £26K a year from the ECF's own funds and £18.5K a year from the trust funds. ECF funding would be covered by increases in membership fees. The Bronze adult fee, for example, would rise from the current £16 to £18 (against the previously indicated £17) in 2019/20 and £20 (against the previously indicated £17) in 2020/21.

See the '[Challenges for English Chess...](#)' and the '[New membership rates](#)' documents for further information. If you're a sucker for punishment, there is also the [Revised Budget spreadsheet](#).

Some comments on and questions about the Board's proposals:

- We agree it would be a very good thing if competitive chess had wider appeal - among females and younger (post-school-age) people in particular - but **more information on how this might be achieved would be welcome.**
- We agree that the staff at the ECF Office, who in our view do an excellent job, should be properly remunerated for their work.
- We wonder, though, about the need for extra staff resource at the Office. Shouldn't the move to a new membership system have freed-up considerable resource (we understand the old system was cumbersome to operate)?
- We wonder why Council is now being asked to approve a revised budget? Budgets and membership fees are usually set at the Finance Council meetings in April. Would it not have been possible to wait until next April to make changes? If it's the case that significant overruns on the current year's budget are likely shouldn't this be stated directly?
- **Has the required extra funding from the trust funds yet been agreed with the trustees of those funds?**
- Under the current Board we've had a Five Year Plan (in April 2016 and with significant new expenditure funded by membership fee increases though Council preferred, instead, to fund from reserves), a revised Five Year Plan (October 2016 with further expenditure increases but with significant funding from trust funds) and now we have further proposals for increased expenditure. Does the Board know what it's doing?

Comment [AF2]: Tim Wall has written a paper on this very subject for the Board but unfortunately it hasn't been released.

To which Director(s) would the person tasked with the Development Manager job report?

Comment [AF3]: To explain: Maybe it's better to first get approval from the trust funds for their part of the proposal. If the trustees say 'no' then the rigmarole with Council can be avoided. That said, the 'Challenges' document makes clear a request has yet to be made to the trustees (this is part of the proposal Council is asked to approve).

- We're concerned about the size of expenditure on international chess and the extent to which this is supported by the ECF's own funds (rather than by income from sponsorship or from trust funds). We're now asked to approve expenditure on the recent Olympiad of £43K [corrected figure] (originally £36K; now with £7K added), offset by £0 sponsorship income. Expenditure on the 2017 Euro teams is forecast at £42.5K (split over two years with £15.5K spent in 2016/17 and £27K forecast for 2017/18), offset by £1,300 income. In both cases this is to enter two five-person teams - so it averages out at more than £4K per team member. With the Olympiad, basic accommodation and food is provided by the hosts. With the European teams accommodation and food needs to be paid for.
- What we haven't had in recent years when new expenditures are approved are reviews of those decisions. For example, what was the outcome of the decision (taken in April 2016) to increase expenditure on publicity by £10K a year (with a £4K allowance for Chessmaster at the Local)? More recently (before the April 2017 Finance Council meeting) a decision was made – at a cost of £10K a year – to relocate the ECF Office and Library. How did that go – looking at the federation's website, the status of the Library is unclear?
- Allied to the previous point, the Finance Committee ought, we think, to be scrutinising actual and budgeted expenditure and reporting back but it doesn't.
- Bronze membership at £20/year doesn't seem much and to many it isn't. But previously Bronze members have rightly asked: what do we get for the cost of our membership? Some, also, are not so keen to support expenditure on (in particular) international chess or junior chess. Since the inception of the membership scheme, increases in membership fees, both actual and proposed have, in total, been some way above inflation. See [here](#) for a table of membership fees across recent years.

Comment [AF4]: Previously the figure was incorrectly given as £42K.

Comment [AF5]: The scrutiny should, of course, be of income as well as expenditure.

The Committee might, for example (for the revised budget) comment on:

- The projected increases in membership fee income (are the calculations correct – certainly the workings aren't visible because the 'Workings' page of the revised budget spreadsheet hasn't been updated and still relies on the old indicated membership rates?; is it reasonable to assume that membership numbers will be unaffected by membership fee increases?)
- Why, exactly, some of the non-new budgeted expenditures have increased since the original budget was approved in April (for example, the figure for the 2018 Olympiad has increased by £7K). Presumably there have been or will be overspends. If this is the case then it would be useful to have a list, showing: the budget item; the amount of overspend; the reason for the overspend; and, who authorised the overspend (and when). Relevant here is Bye Law No. 4 (The Financial Bye Law), specifically section F4. Unbudgeted Expenditure.
- The calculation of bonus and expense payments for the Development Manager. The 'Challenges' paper doesn't make clear how these would work. For example, if payments are set at a multiple of the number of memberships over target, would that multiple be the average membership payment across all memberships and would this be reduced by the average VAT payment and the average processing charge? What if the number of memberships over target is substantially attributable to extra free junior memberships – should there be an allowance for this in the calculation formula? Would it be the case that if the number of extra memberships above the target is something like 500 then all the income from those memberships would go to the DM (i.e. the ECF would derive no financial benefit)?
- The revised budgeted loss for the current year of £50K. Is that alright?
- Why, in the revised budget, the to-date and forecast figures for 2017/18 are as given in the original (April 2018) version of the budget spreadsheet and not updated.

Please let us what you think of the proposals and whether you support them.

2. The Board's Strategy statement

The strategy statement can be found [here](#).

This time last year, Angus wrote: *"I was critical of the last version of the statement (presented for approval to last year's AGM) and wrote: "the statement seems to me to be a list of goals rather than strategy per se. There isn't analysis of where the ECF is or a plan for getting from where it is to where it wants to be. Without the discipline of analysis and planning, can you be sure you're headed in the right direction?"*. The same criticism applies to the new version of the statement!

Is this too harsh? [Please tell us what you think.](#)

3. The election of various Directors and Senior Officers

There are elections for the following positions:

- President – Dominic Lawson is standing for re-election.
- Chief Executive – Mike Truran is standing for re-election.
- Director of Home Chess – Adrian Elwin and Tim Wall are standing for election. So far as we know neither has previously been a Director or a Senior Officer. Their election addresses are available [here](#) and [here](#).

Comment [AF6]: Feedback: can KPIs be added to the statement?

- Director of Women's Chess – Chris Fegan is standing for election after having been appointed to the position by the Board in June. Chris's election address is [here](#).
- Director of Junior Chess and Education – Alex Holowczak (the outgoing Director of Home Chess) is standing for election. Alex's election address is [here](#).
- Chairman of Council – Mike Gunn is standing for re-election.
- FIDE Delegate – Malcolm Pein is standing for re-election.
- Chair of the Governance Committee – Robert Stern is standing for re-election.
- Member of the Finance Committee – Ian Reynolds is standing for re-election.

Directors and Senior Officers now serve three-year terms and elections are rotated with a third of the positions available at each AGM.

All candidates seeking (re-)election are volunteers who have or who will put in significant effort to help run the ECF. In general we are pre-disposed to support all candidates standing in uncontested elections. We would welcome feedback on the contested election for Home Director of Chess.

Please let us know your views on the election candidates

Please let us know your views on the above - and anything else on the agenda - so that we can cast our votes as your representatives accordingly and possibly ask questions at the meeting. The more responses we get, the greater the weight of your (collective) opinion. **We would also urge you to express your views to the ECF representative(s) for the league(s) in which you participate.**

PLEASE send replies direct to us at angusmisc@angusf.myzen.co.uk and gareth.wholesalechess@googlemail.com.

Comment [AF7]: Something to ask Chris about: When he was appointed he said he wasn't looking to stay for long as Director of Women's chess and wished to mentor a female candidate for the position. Is this still the case (if it is, it's not mentioned in the election address)?

2018 Finance Council

This took place in April. Our consultation message is available [here](#). Draft minutes are available [here](#).

A record of the feedback received from Bronze members will (at sometime on Tuesday 9 October) be available from [here](#). We read all received feedback before the meeting. Unfortunately, after the meeting, we lost access to our mailbox and weren't able to send acknowledgment emails to about ten members - apologies if you were one of those.

Your representatives abstained on the vote to approve the budget and membership fees for 2018/19. We raised a motion to request a breakdown of expenditure on the 2018 Olympiad and this was approved (the breakdown has yet to be provided but the Olympiad has only just finished).

Your representatives voted against the proposal to merge Bronze and Silver categories and the proposal was rejected on a show of hands with 10 votes for and 20 against. A card vote was then requested and the proposal was rejected more emphatically with 63 votes for, 233 against and 10 abstentions.

Your representatives had mixed feedback on the proposed changes for the national stages of the county championships. We therefore decided to abstain on the votes. Each of the proposals was rejected.

Background on the workings of the ECF and its Council meetings

Most ECF decisions are taken by the Board and Officers but the more important decisions are taken by ECF Council. ECF Council meets twice year:

- in October for its AGM, to receive reports from Board members and senior officers, to consider proposals and to elect various directors and senior officers (there are elections for one third of these positions; each director/officer serves a three-year term); and,
- In April for its Finance meeting, to approve the previous year's accounts, to set a Budget for the following year and to consider (typically finance-related) proposals.

For the most part, Council is made up of representatives of the leagues, tournaments, unions and other groups which organise the playing of graded chess. Each membership category also has up to two representatives. And Board members and senior officers are members of Council. Council meetings are usually attended by forty to fifty individuals (some acting as proxies for other representatives) with, in theory, over 330 votes at their disposal. Bronze members' representatives have six votes each to cast. Gareth Ellis has joined Angus French as a Bronze Members' Direct Representative at ECF Council meetings.

Angus French and Gareth Ellis, Bronze Members' Representatives on ECF Council

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